

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF CONSERVATION

December 9, 2005

Mr. Donald Silawsky Office of Petroleum
Reserves (FE-47) United States
Department of Energy 1000 Independence
Ave, S.W.
Washington, DC 20583-0301

Re; Proposed Expansion of the Strategic Petroleum Reserve - Reopening Scoping Comment
Period and New Site Proposal

Dear Mr. Silawsky:

The Louisiana Office- of Conservation appreciates the additional opportunity to comment on the U.S. Department of Energy's proposed expansion of the Strategic Petroleum Reserve. (SPR). We are pleased that four of the eight candidate sites are in the State of Louisiana. Louisiana's association with the Strategic Petroleum Reserve goes back to its near beginnings when, on December 22, 1975, the Energy Policy and Conservation Act (Public Law 94-163) was signed into law. Since then, we have been home to four separate SPR sites, of which two are still operating, in addition to the Department of Energy owned St. James Marine Terminal on the Mississippi River.

Bayou Choctaw and West Hackberry, two existing Louisiana SPR candidate sites for expansion, are both strong candidates. With existing infrastructures already in place and needing only minor upgrades to support expansion, either of these two facilities are persuasive in terms of cost effectiveness, ease of satisfying regulatory permit requirements, minimal environmental impact, and affording timely expansion and operational startup.

A proposed new SPR site at the Clovelly salt dome has its own unique possibilities. In place at the salt dome are several solution-mined salt caverns presently used by the Louisiana Offshore Oil Port (LOOP) for crude oil storage. The advantages of this site are identical to the existing SPR sites mentioned above with the additional advantage of having access to the only port in the United States capable of offloading the largest, deep draft tankers. An SPR site at the Clovelly salt dome would provide potential access to over 50 percent of the United States refinery capacity.

As a new SPR site, the Chacahoula salt dome would require the building of more infrastructure than the other three previously discussed Louisiana sites. Any additional costs should be comparable, if not somewhat less, than some proposed SPR sites in neighboring states. Yet, Chacahoula's relatively short tie-in access to existing oil distribution facilities makes this proposed site practicable.

After reviewing the conceptual plan submitted by the State of Mississippi for the Bruinsburg salt dome, we are unable to ascertain the location of the 15-mile brine pipeline and final location of the proposed 60 offsite brine disposal wells to be spaced 1,000 feet apart. Please provide additional detail regarding the location of the brine pipeline and the offsite brine disposal wells in relation to the candidate facility. Our concern is the appearance that the disposal wells may be located in Louisiana while the storage facility is proposed in Mississippi.

Please contact Mr. Joe Ball at [REDACTED] with additional information or if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "James H. Welsh". The signature is fluid and cursive, with the first name "James" being the most prominent.

James H. Welsh Commissioner
of Conservation

cc; Scott A, Angelle, Secretary
Louisiana Department of Natural Resources